

D.P.U. 94-4A

Application of Eastern Edison Company

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 115, for approval by the Department of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months

of March, April and May 1994.

(2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. §§ 8.00 et seq. The rules established in 220 C.M.R. §§ 8.00 et seq. set forth the filings to be made by electric utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

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FOR: EASTERN EDISON COMPANY  
Applicant

I. INTRODUCTION

On February 2, 1994, pursuant to G.L. c. 164, § 94G and 220 §§ C.M.R. 8.00 et. seq., Eastern Edison Company ("EECo" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 115, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 115. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of March, April and May 1994. These matters were docketed as D.P.U. 94-4A.

Pursuant to notice duly issued, a public hearing on the Company's application was held on February 23, 1994, at the Department's offices in Boston. Notice of the hearing was published by the Company in the Fall River Herald News, the Quincy Patriot Ledger, the Brockton Enterprise, and the Boston Herald. The Company also complied with the requirement to mail a copy of the notice of the hearing to persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. At the hearing, the Company sponsored two witnesses: Arlene L. Fleming, rate analyst for Eastern Utilities Associates Service Corporation, and Gail M. Hatch, power analyst for Eastern Utilities Associates Service Corporation. The Company submitted

one exhibit during the hearing.

EECo is a wholly owned subsidiary of Eastern Utilities Associates ("EUA"), a utility holding company. EUA's other subsidiaries, affiliates of EECo, include Blackstone Valley Electric Company ("Blackstone") in Rhode Island, Newport Electric Corporation in Rhode Island, EUA Service Corporation, which provides engineering, technical, and other services for EUA companies. Montaup Electric Company ("Montaup") is a wholly owned subsidiary of EECo and supplies power to EECo, Blackstone, and certain municipal electric utilities. EECo purchases all of its power requirements at wholesale from Montaup pursuant to rates regulated by the Federal Energy Regulatory Commission ("FERC"). Thus, EECo does not own or operate any power generation units of its own. EECo serves, on average, 204,000 customers in its service territory, which includes over twenty cities and towns in southeastern Massachusetts.

## II. FUEL CHARGE

On February 16, 1994, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for March, April, and May, 1994. For these billing months, the Company proposes a fuel charge of \$0.01501 per kilowatthour ("KWH"). The proposed fuel charge is \$0.00364 per KWH less than the fuel charge of \$0.01865 per KWH approved by the Department in Eastern Edison Company D.P.U. 93-4D (1993) for meter readings for the billing months of November and December 1993, and January 1994.

Ms. Fleming stated that there are a combination of factors contributing to the decrease in the proposed fuel charge (Exh. EE-1, Sec. 1, at ii). First, the M-rate average fuel cost for the upcoming quarter is forecasted to be 9.4 percent lower than the average fuel cost that was forecasted in D.P.U. 93-4D for the current period id., Sec. 2, at 3). Ms. Hatch stated that the Company expects a decrease in the M-rate fuel prices in the forecast period because Canal II is expected to burn a higher mix of 2.2 percent sulfur oil instead of the more expensive 1.0 percent sulfur oil, and because oil prices on average are expected to drop slightly in the forecast period id.).

Second, the Company anticipates that an overrecovery of \$656,200 will exist at the end of the current period, instead of the forecasted underrecovery of \$911,933 in the prior filing (Exh. EE-1, sec. 1, at ii; Tr. at 13). Ms. Fleming stated that the overrecovery can be attributed primarily to lower M-Rate fuel costs combined with greater megawatthour ("Mwh") purchases and Mwh sales in the current period id.). This increase in Mwh sales and purchases is a result of higher heating degree days during the current period than previously estimated in D.P.U. 93-4D (id. at ii-iii).

Unlike the prior fuel charge, the instant filing contains no adjustment for Conservation and Load Management ("C&LM") costs (id., sec. 1, at iii). As Ms. Fleming explained, the collection and reconciliation of current C&LM costs now are done through the Company's Conservation Cost Adjustment clause pursuant to

M.D.P.U. No. 279 (id.).

### III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. 8.00 ~~at~~ seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the FERC in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during March, April, and May 1994:

#### Energy Rates By Voltage Level (\$/KWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
(A) Primary	0.016085	0.016014	0.016049
(B) Secondary	0.016588	0.016556	0.016572

(id., sec. 2, at 38).

### IV. FINDINGS

Based on the record in this case, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of March, April and May 1994 shall be \$0.01501 per KWH. (The calculation of the fuel charge is shown in Table #1 attached to this order.)

2. that the qualifying facility power purchase rates for March, April, and May 1994 shall be the rates set forth in Section III above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Eastern Edison Company is authorized to put into effect a quarterly fuel charge of \$0.01501 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meter readings for the billing months of March, April, and May 1994, subject to refund; and it is

FURTHER ORDERED That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED That the Company's Qualifying Facility power purchase rates for the billing months of March, April, and May 1994 shall be those set forth in the Table on page 4 of this Order; and it is

FURTHER ORDERED That the Company, in all future fuel charge proceedings, shall notify all intervenors and their

respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department.

By Order of the Department,